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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 001763

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SUBJECT: KMT LY SPEAKER WANG ON DUELING REFERENDA, PAC-III,
MA CAMPAIGN

Classified By: AIT Director Stephen M. Young, Reason(s): 1.4 (B/D).

¶1. (C) Summary: Legislative Yuan (LY) Speaker Wang Jin-pyng (KMT) told the Director on July 31 that he expected four referenda to be voted on in the 2008 elections, including the DPP UN referendum, but none of them is likely to pass. The KMT would withdraw its own UN referendum, Wang asserted, but only if the DPP withdrew its referendum first. With the People First Party (PFP) much weaker in the legislature, Patriot-III missiles could be approved as early as January 2008, Wang predicted. Separating the legislative and presidential elections will be good for Taiwan, Wang opined, but bad for the KMT, since DPP voters will have a chance to avenge their expected legislative loss by turning out en masse for the subsequent presidential ballot. End Summary.

Four Referenda On The Ballot?

¶2. (C) As it stands, Wang told the Director, it appears that four separate referenda will be put to a vote during the 2008 presidential election: (1) a DPP referendum on KMT party assets, (2) a KMT referendum on DPP misappropriation of national assets, (3) the DPP's referendum on joining the UN under the name "Taiwan" and (4) the KMT's own referendum on UN membership under a broader list of names. The referenda will not be included on the presidential ballot itself, Wang explained. Instead, each referendum will be printed on its own separate ballot, and voters will be required to request separate ballots for the measures upon which they wish to vote. Because Taiwan's voters are so polarized, Wang predicted, they will request the two Green referenda or the two Blue ones, but not both sets. With the vote divided in this way, and with the high threshold for referendum passage (a majority of at least 50 percent of eligible voters must approve), it is highly unlikely that any of the referenda, including the two on UN membership, will pass. (Note: While the two UN referenda are likely to be held together with the presidential election on March 22, most sources have suggested previously that the two referenda on party and national assets would be held together with the legislative elections on January 12, 2008. End Note.)

Who Will Blink First, If Anyone?

13. (C) The Director asked whether Wang believed the DPP would be willing to withdraw its UN referendum. Wang said that once a referendum is formally "registered" for the ballot, it cannot be withdrawn. Wang said he did not know when that deadline was, but added that the KMT would be willing to withdraw its UN referendum if the DPP did so first. Wang then asked whether the USG was actively pursuing this outcome. The Director acknowledged US efforts to dissuade President Chen from holding the UN referendum, but stressed the sensitive and confidential nature of our discussions on the issue.

USG Not Responding To PRC Pressure

14. (C) Wang asked the Director whether the U.S. was under "heavy pressure" from Beijing to discourage the DPP from pursuing a referendum on UN membership for "Taiwan." The Director responded that the USG is motivated by its own interests and concerns as it seeks to dissuade Chen and the DPP from pursuing such a referendum. In our view, the Director continued, the UN referendum achieves nothing, since "Taiwan" has already applied to and been rejected by the UN this year. Also, he pointed out, the referendum could adversely affect Taiwan's relations with China and the U.S.

Deep Greens Pushing Hsieh

15. (C) The pro-independence faction of the DPP led by Chairman Yu Shyi-kun is trying to force DPP presidential candidate Frank Hsieh to endorse a "defensive referendum" touching on sovereignty-related themes, according to Wang. However, he added, Yu and others have backed off recently,

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perhaps realizing that although Hsieh supports the referendum on UN membership for "Taiwan," he cannot endorse an independence-related referendum without losing support from moderate swing voters.

PAC-IIIs a Possibility

16. (C) Without making any promises, Wang expressed optimism that by January 2008 the LY would be able to approve spending to purchase the long-stalled Patriot-III missile batteries. James Soong's People First Party (PFP) is nearly defunct, Wang remarked, and should not be able to block the PAC-IIIs as it has in the past. According to Wang, the chief obstacle to passage now is KMT legislator Su Chi, who has Ma's ear on U.S.-Taiwan and defense issues. Wang argued that the KMT LY caucus would follow instructions from the party's Central Standing Committee to complete the PAC-III purchase; however, no one (read Ma) has tried to impose this kind of discipline. Earlier in their conversation, Wang told the Director that he did not have any specific problem with Ma, but could not say how Ma felt about him, and could not predict the future of their relationship.

Bifurcated Elections Help DPP

17. (C) Wang remarked that combining the LY and presidential elections on January 19, 2008, would have left President Chen a lame duck for over four months (beyond the constitutionally permitted limit), and also would have negatively affected his ability to govern Taiwan. Moreover, he argued, consolidated elections would have been bad for the KMT. According to Wang, most KMT leaders wanted combined elections, believing that Ma would help attract KMT voters to the polls, enabling KMT LY candidates to ride Ma's coattails to victory. Wang disagreed, arguing that voter turnout for legislative elections is on average fifteen percent lower than the 82 percent that turns out for presidential elections. Thus, combining the two elections would have suppressed KMT voter

turnout, Wang continued, since the KMT is widely favored to dominate the LY next term, and KMT voters sense no urgency to vote in the LY race. Wang noted that the DPP leadership, for its part, sees the bifurcated elections as a second chance: if the DPP loses badly in the LY race, Green voters will be motivated to turn out in greater numbers in hopes of winning the presidency.

YOUNG